

EXHIBIT 31

UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK

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SECURITIES INVESTOR PROTECTION
CORPORATION,

Plaintiff-Applicant, Adv.Pro.No.
08-01789(SMB)

v.

BERNARD L. MADOFF INVESTMENT
SECURITIES LLC,
Defendant.

-----X
In Re:
BERNARD L. MADOFF,
Debtor.

-----X
IRVING H. PICARD, Trustee for
the Substantively Consolidated
SIPA Liquidation of Bernard L. Adv.Pro.No.
Madoff Investment Securities 10-04362(SMB)
LLC and Bernard L. Madoff,

Plaintiff,

v.

SAGE ASSOCIATES;

LILLIAN M. SAGE, IN HER CAPACITY
AS PARTNER OR JOINT VENTURER OF
SAGE ASSOCIATES AND INDIVIDUALLY
AS BENEFICIARY OF SAGE ASSOCIATES;

Deposition of:

MARTIN A. SAGE

November 17, 2017

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<p>1 would say.</p> <p>2 MR. KRATENSTEIN: By the way, it</p> <p>3 was Black Monday, not Black Thursday.</p> <p>4 THE WITNESS: Really?</p> <p>5 MR. KRATENSTEIN: Not that I'm</p> <p>6 testifying, but it is a historical event.</p> <p>7 MS. KERANEN: There seems to be so</p> <p>8 many of those. Maybe Thursday was the one in</p> <p>9 1999.</p> <p>10 MR. KRATENSTEIN: Yeah, who knows.</p> <p>11 MS. KERANEN: Who knows.</p> <p>12 MR. KRATENSTEIN: Well, actually,</p> <p>13 there are people who know, but in any event.</p> <p>14 MS. KERANEN: I'm sure Google</p> <p>15 knows.</p> <p>16 BY MS. KERANEN:</p> <p>17 Q. Did you ever exchange any letters</p> <p>18 with Mr. Madoff?</p> <p>19 A. I don't recall.</p> <p>20 Q. Do you recall if you ever</p> <p>21 exchanged any letters with Mr. Madoff's firm?</p> <p>22 A. Perhaps one or two.</p> <p>23 Q. And do you recall what the</p> <p>24 substance of those letters were?</p> <p>25 A. No.</p>	<p>1 types of investment discussions you had with</p> <p>2 Mr. Madoff?</p> <p>3 A. Yes.</p> <p>4 Q. Could you please elaborate on</p> <p>5 those.</p> <p>6 A. Well, as our -- as I got older, we</p> <p>7 got older, we wanted to invest in stocks, in</p> <p>8 growth stocks, and so we spoke to him and said</p> <p>9 we want to establish these accounts and</p> <p>10 determine the stocks that we invest in so that</p> <p>11 we could have growth stocks and have kind of a</p> <p>12 long-range view of what our investments would</p> <p>13 be.</p> <p>14 Q. When you say growth stocks, what</p> <p>15 does that mean to you?</p> <p>16 A. Stocks that would appreciate in</p> <p>17 value as opposed to simply producing dividends</p> <p>18 that would be taxed at a short-term rate.</p> <p>19 Q. Why did you want to invest in</p> <p>20 growth stocks?</p> <p>21 A. So that we could watch our</p> <p>22 portfolio grow and that eventually we would have</p> <p>23 stocks that would be worth more in the years or</p> <p>24 decades to come.</p> <p>25 Q. Do you recall any of the stocks</p>
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<p>1 Q. Do you recall about what date</p> <p>2 those letters were?</p> <p>3 A. No.</p> <p>4 Q. Let's go back to your phone calls</p> <p>5 with Mr. Madoff. Do you recall the substance of</p> <p>6 those conversations?</p> <p>7 A. The only one that I can reliably</p> <p>8 speak to is the one establishing my account.</p> <p>9 Q. In 1985?</p> <p>10 A. Yeah.</p> <p>11 Q. So other than that, you don't</p> <p>12 recall any substantive conversations you had</p> <p>13 over the phone with Mr. Madoff?</p> <p>14 A. No.</p> <p>15 Q. Did you ever exchange any emails</p> <p>16 with Mr. Madoff?</p> <p>17 A. No.</p> <p>18 Q. Did you ever exchange any emails</p> <p>19 with anyone at Mr. Madoff's firm?</p> <p>20 A. No.</p> <p>21 Q. When you met in person with</p> <p>22 Mr. Madoff once or twice a year, where did you</p> <p>23 meet?</p> <p>24 A. At his offices.</p> <p>25 Q. Do you recall specifically the</p>	<p>1 that you considered to be growth stocks?</p> <p>2 A. I do.</p> <p>3 Q. Could you please list those for</p> <p>4 me.</p> <p>5 A. Well, the primary one in my mind</p> <p>6 at that time was Disney.</p> <p>7 Q. And do you recall when you</p> <p>8 invested in Disney?</p> <p>9 A. I would say 1986.</p> <p>10 Q. Do you recall any other stocks</p> <p>11 that you considered to be growth stocks?</p> <p>12 A. No, that's the only -- limitation</p> <p>13 in my memory.</p> <p>14 Q. Do you recall any other stocks</p> <p>15 that you invested in in the 1980s?</p> <p>16 A. Not at this moment.</p> <p>17 Q. Do you recall any stocks that you</p> <p>18 invested in in the 1990s?</p> <p>19 A. No.</p> <p>20 Q. Do you recall any stocks that you</p> <p>21 invested in in the 2000s?</p> <p>22 A. I can't recall.</p> <p>23 Q. Do you recall anything else about</p> <p>24 your discussions with Mr. Madoff?</p> <p>25 A. Yes. We wanted him to -- we</p>

<p style="text-align: right;">Page 38</p> <p>1 wanted to direct him in terms of buying the 2 stocks that we indicated, and he said he was 3 happy to do so and we went along from there, and 4 they were friendly, nice discussions. 5 Q. Did Mr. Madoff have any discretion 6 to buy stocks for you without previously 7 consulting you? 8 A. Limited discretion because we had 9 this sense of how we wanted to direct our 10 trading, and so he may offer a piece of advice, 11 but the discretion was ultimately ours, for the 12 most part. 13 Q. When you say limited discretion, 14 do you recall any stocks that Mr. Madoff 15 purchased without prior approval? 16 A. No, I don't. 17 Q. Did Mr. Madoff have discretion to 18 sell any stocks in your portfolio without 19 clearing it with you or your brother or your 20 sister? 21 A. I believe he might have. 22 Q. Do you recall the limits to the 23 discretion that were communicated to Mr. Madoff? 24 A. From the way I recall it, he had 25 very limited discretion. He was -- we would</p>	<p style="text-align: right;">Page 40</p> <p>1 those discussions? 2 A. Well, I can recall the nature of 3 those conversations. 4 Q. Okay. Could you please elaborate. 5 A. Right. He would say, I think we 6 should be selling this stock and based on my 7 information about this, and I would either 8 concur or not concur. Basically, we always 9 concurred because there was always a strategy 10 involved in terms of growing the portfolio or 11 selling things for, whatever, stock reasons. So 12 there was always a concurrence between the three 13 of us as to what we wanted to do. 14 Q. Do you recall if you ever 15 disagreed with your brother's recommendations? 16 A. Yes. I do -- I do recall that we 17 did not disagree. 18 Q. That you did not disagree. Do you 19 remember how often those discussions occurred? 20 A. Oh, they were frequent. 21 Q. When you say frequent, can you 22 ballpark that for me, please. 23 A. They could happen twice a month or 24 they could happen three times a month. They 25 were -- the conversation was always going on</p>
<p style="text-align: right;">Page 39</p> <p>1 give him a direction and he would do it, and 2 that was primarily how it worked. He might have 3 advice about a particular stock, but that's 4 about it, but he would certainly do whatever it 5 was that we asked him to do. 6 Q. And do you recall what it was you 7 asked him to do? 8 A. Well, there were a number of 9 communications that my brother primarily had 10 since he's really the one that ran the accounts, 11 telling him to buy X stock or sell X stock, and 12 he would do that. 13 Q. Did you ever review any of your 14 brother's correspondence with Mr. Madoff prior 15 to your brother sending it to Mr. Madoff? 16 A. No. He would send it. He would 17 tell me what he had done, but I didn't see the 18 correspondence. 19 Q. Would your brother discuss what he 20 had done prior to him doing it? 21 A. With me? 22 Q. With you. 23 A. With me and with my sister, 24 absolutely. 25 Q. Do you recall the substance of</p>	<p style="text-align: right;">Page 41</p> <p>1 among us. 2 Q. And this was for the life of the 3 accounts from their opening all the way through 4 December 2008? 5 A. It's conceivable that -- I can't 6 speak to this with total authority, but during 7 the time that I was in California, I was a 8 little less present, but with anything crucial I 9 received a phone call from my brother. 10 Q. And when were you in California 11 again? 12 A. From 1983 to 1991. 13 Q. And where in California did you 14 live? 15 A. Los Angeles. 16 Q. Well, you missed the big 17 earthquakes. 18 A. I did. But there were little ones 19 that are very scary. 20 Q. Indeed. 21 You testified that you did not 22 review your brother's correspondence before he 23 sent it to Madoff. Did you ever see copies of 24 your brother's letters after he sent them to 25 Madoff?</p>

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<p>1 A. So there's a sentence that begins, 2 "In telephone conversations and in-person 3 meetings, they," is that the sentence you're 4 referring to? 5 Q. Yes. 6 A. Okay. 7 Q. Did you see that? 8 A. Yes. 9 Q. What did you do to prepare for 10 these telephone conversations and in-person 11 meetings with Mr. Madoff? 12 A. I prepared mostly just by being 13 aware of, at that moment, where the accounts 14 might have been and then -- it was mostly 15 Malcolm who prepared sort of an agenda to talk 16 about, and we -- my sister and I would either 17 amplify our thinking or say something in 18 addition, but it was mostly Malcolm's 19 presentation that launched the meeting and the 20 conversation then ensued. 21 Q. When you said you -- sorry. When 22 you said you prepared by being aware of -- 23 A. Right. 24 Q. -- where the accounts might have 25 been, what does that mean?</p>	<p>1 Q. And did that coincide with 2 handling your own account at Mr. Madoff's firm? 3 A. I was attempting to become more 4 aware of market trends. 5 Q. And after the early 1980s, did you 6 review any other documents in preparation for 7 these meetings with Mr. Madoff? 8 A. The newspapers, yes. 9 Q. What newspapers, if you recall? 10 A. The Times. 11 Q. The New York Times? 12 A. Yeah. 13 Q. What about the Wall Street 14 Journal? 15 A. No. 16 Q. The Economist? 17 A. I'd like to say yes, but no. 18 Q. You previously talked about how 19 you and your brother and sister met and 20 discussed your investments often but not on a 21 regular schedule. When you would schedule these 22 meetings with Mr. Madoff, would the three of you 23 meet to discuss your plans beforehand, before 24 meeting with Mr. Madoff? 25 A. Not necessarily in the minutes</p>
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<p>1 A. Well, at that moment what stocks 2 we may have owned so that I didn't seem 3 oblivious to what was going on. To that extent 4 it, you know, it kind of -- I was, what I like 5 to call, one question deep. 6 Q. And the agenda that your brother 7 prepared, did he do that for every meeting? 8 A. I would say yes. 9 Q. Did you review those agendas 10 before the meetings? 11 A. I didn't. 12 Q. So the first time you saw the 13 agendas would be at the meeting? 14 A. That I saw the agenda -- well, 15 even if it was -- even if it wasn't a physical 16 agenda, they're notes that he had to refer to. 17 Q. Did you review any stock market 18 news outlets before these meetings? 19 A. Did I review? 20 Q. Did you personally. 21 A. At one time, yes, but that was a 22 long time ago. 23 Q. And when you say a long time ago, 24 can you give me a ballpark? 25 A. Yes. The early 1980s.</p>	<p>1 before that meeting but over the days before we 2 would -- we would discuss what we would talk 3 about. 4 Q. And do you recall if those 5 discussions occurred in person? 6 A. Yes, no, it really depended on 7 where our lives were at that moment in terms of 8 kids and... 9 Q. Do you recall what documents you 10 reviewed in order to analyze the performance of 11 Sage Associates in advance of these meetings? 12 A. That I reviewed? 13 Q. Yes. 14 A. I didn't review. Malcolm reviewed 15 them. 16 Q. Did you ever compare the 17 performance of Sage Associates to any of your 18 other accounts with Mr. Madoff? 19 A. No. 20 Q. Did you ever compare the 21 performance of Sage Associates with the market 22 as a whole? 23 A. No. 24 Q. Did you ever develop any 25 investment strategies for the Sage Associates</p>

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<p>1 account?</p> <p>2 A. I'd like to say that I did, again,</p> <p>3 and there were stocks that I did promote and</p> <p>4 felt strongly about so, in a sense, yes. You</p> <p>5 know, I had worked for Disney for a time and I</p> <p>6 was -- I was pleased to promote Disney as one of</p> <p>7 the things, and, in fact, promoting Disney</p> <p>8 helped pay my salary at Disney.</p> <p>9 Q. When did you work for Disney? I</p> <p>10 don't think we discussed that before.</p> <p>11 A. In the mid-'80s.</p> <p>12 Q. In the mid-'80s?</p> <p>13 A. Yeah.</p> <p>14 Q. For how long?</p> <p>15 A. I created a project called The</p> <p>16 History of the World in 60 Minutes.</p> <p>17 Q. No relation to the Mel Brooks</p> <p>18 films?</p> <p>19 A. That's just History of the World.</p> <p>20 Q. How long were you employed at</p> <p>21 Disney?</p> <p>22 A. For about a year.</p> <p>23 Q. Did you have an office at Disney?</p> <p>24 A. I didn't. I didn't.</p> <p>25 Q. You just said that you had strong</p>	<p>1 and I guess we did.</p> <p>2 Q. Who had final authority on how to</p> <p>3 buy or sell stocks in the Sage Associates</p> <p>4 account?</p> <p>5 A. We did.</p> <p>6 Q. Do you recall ever bringing</p> <p>7 investment opportunities to Mr. Madoff's</p> <p>8 attention for the Sage Associates account?</p> <p>9 A. I brought him -- I brought to his</p> <p>10 attention one stock specifically that he -- a</p> <p>11 friend of mine had launched a company in the</p> <p>12 Silicon Valley but it wasn't an area that he</p> <p>13 wanted to go into.</p> <p>14 Q. And do you recall the name of that</p> <p>15 company?</p> <p>16 A. Sure. General Magic.</p> <p>17 Q. General Magic?</p> <p>18 A. Um-hum.</p> <p>19 Q. M-a-g-i-c?</p> <p>20 A. Um-hum.</p> <p>21 Q. Do you recall when you brought</p> <p>22 that option to Mr. Madoff?</p> <p>23 A. At dinner one night. The one</p> <p>24 night that we had dinner together.</p> <p>25 Q. So that would have been in the --</p>
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<p>1 feelings about certain stocks. Do you recall</p> <p>2 any of the other stocks you had strong feelings</p> <p>3 about?</p> <p>4 A. No. I liked Disney and I think at</p> <p>5 some point Anheuser-Busch, because I like beer.</p> <p>6 Q. Can you recall any other stocks</p> <p>7 that you had strong feelings for?</p> <p>8 A. Not off the top of my head.</p> <p>9 Q. Aside from those stocks that you</p> <p>10 felt strongly about, did you have any other</p> <p>11 investment strategies for the Sage Associates</p> <p>12 account?</p> <p>13 A. To the extent that we really, in</p> <p>14 consensus, wanted to generate long-term gains,</p> <p>15 that was the real strategy.</p> <p>16 Q. Did you ever have strong feelings</p> <p>17 about which stocks you wanted to sell?</p> <p>18 A. They were always in relation to</p> <p>19 Malcolm's strategy about creating the proper tax</p> <p>20 situation for us, and, of course, if there was a</p> <p>21 stock that suggested that it wasn't going to</p> <p>22 perform as well, then yes also.</p> <p>23 Q. Did you have any feelings about</p> <p>24 which stocks to hold?</p> <p>25 A. I always wanted to hold Disney,</p>	<p>1 A. Late '90s.</p> <p>2 Q. -- '90s?</p> <p>3 A. Um-hum.</p> <p>4 Q. Can you remind me what year was</p> <p>5 that?</p> <p>6 A. It was either '98 or '99.</p> <p>7 Q. Thank you. Were there any</p> <p>8 other -- I'm sorry. And you testified that</p> <p>9 Mr. Madoff did not act on that opportunity?</p> <p>10 A. No.</p> <p>11 Q. Were there any other investment</p> <p>12 opportunities that you brought to Mr. Madoff's</p> <p>13 attention?</p> <p>14 A. That I brought to him, no.</p> <p>15 Q. Did your -- in your presence, did</p> <p>16 your brother ever bring any investment</p> <p>17 opportunities to Mr. Madoff's attention?</p> <p>18 MR. KRATENSTEIN: I'm just going</p> <p>19 to -- I just want to make sure I understand what</p> <p>20 you mean by investment opportunity. Are you</p> <p>21 talking about an investment opportunity for the</p> <p>22 Sages' accounts or an investment opportunity for</p> <p>23 Mr. Madoff?</p> <p>24 MS. KERANEN: For the Sages'</p> <p>25 accounts.</p>